

Message Text

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ACTION COME-00

INFO OCT-01 ARA-06 ISO-00 EB-07 DOTE-00 /014 W

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R 291305Z OCT 75

FM AMEMBASSY QUITO

TO SECSTATE WASHDC 7771

INFO AMCONSUL GUAYAQUIL

LIMITED OFFICIAL USE QUITO 7911

FOR COMMERCE/SIPS

E.O. 11652: N/A

TAGS: BEXP, EC

SUBJECT: PRODUCT OPPORTUNITY - ROAD BUILDING EQUIPMENT FOR MINISTRY
OF PUBLIC WORKS (MPW)

REF: A. QUITO 5052; B. QUITO 5588; C. STATE 252217

1. WE ARE MYSTIFIED BY REFTEL C, PARA 2, WHICH INDICATES THAT SEVERAL EMBASSY REPORTS ON THIS PROJECT HAVE NOT REACHED SIPS. GROUP. FOR INSTANCE, TENDERS WERE ISSUED IN MAY AND REPORTED VIA QUITO 3660. ON APRIL 16, EMBASSY HAD POUCHED COPY OF EQUIPMENT SPECS TO MR. MCKENDRICK, FEDERAL HIGHWAY ADMINISTRATION, AND NOTIFIED USDOC VIA QUITO 2386 THAT DOCUMENTS WERE ENROUTE. A MORE RECENT CABLE, QUITO 5588, ADVISED USDOC/MEPD THAT THIRTY-NINE FIRMS HAD PRESENTED OFFERS BY JULY 23 DEADLINE. SUGGEST THAT MISSING CABLES BE OBTAINED FROM MEPD OR COUNTRY MARKETING MANAGER.

2. FINANCING: IT NOW APPEARS THAT GOE HAS NO SEPARATE FINANCING TO PAY FOR EQUIPMENT. ACCORDING TO MANAGERS OF BOTH FNCB AND BANK OF AMERICA BRANCHES IN QUITO, NEGOTIATIONS WITH CONSORTIUM OF LONDER, BANKS WERE UNSUCCESSFUL. GOE NOW ANTICIPATES PAYING FOR US\$30 MILLION EQUIPMENT PURCHASE FROM US\$150 MILLION LOAN WHICH IT IS NEGOTIATION WITH CONSORTIUM OF FIVE U.S. BANKS, INCLUDING BOTH OF ABOVE PLUS CHASE MANHATTAN, WELLS FARGO, AND MANUFACTURERS HANOVER. GOE DECISION TO ACCEPT CONSORTIUM'S OFFER IS EXPECTED TO BE ANNOUNCED BY END OF OCTOBER.

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3. STATUS OF TENDER: ALTHOUGH EMBASSY HESITATES TO REPORT WHAT IT STILL CONSIDERS TO BE UNSUBSTANTIATED COMMENTARY, FOLLOWING NEVERTHELESS PROVIDES SOME REASON FOR SUBDUED JUBILATION. JUAN ELIZALDE, LOCAL CATERPILLER DISTRIBUTOR, RECENTLY INFORMED COMATT THAT MPW MADE RECOMMENDATIONS ON SUPPLIERS SEVERAL WEEKS AGO. HE SAID US SUPPLIERS, AMONG WHICH CATERPILLAR, ALLIS CHALMERS, INTERNATIONAL HARVESTER, JOHN DEERE, HAVE SCORED SIGNIFICANT VICTORY. CALCULATION IS THAT CONTRACTS TOTALING ABOUT TWO-THIRDS OF OVERALL US\$30 MILLION PACKAGE WILL GO TO U.S. FIRMS. ELIZALDE WAS PERSONALLY VERY SATISFIED WITH CATERPILLAR SUCCESS. REGARDING US\$9 MILLION DUMP-TRUCK PORTION (SPECS FOR WHICH APPEARED TO HEAVILY FAVOR HINO), HE SAID THAT, ALTHOUGH HINO HAS BEEN LOW BIDDER, MPW IS RECOMMENDING TWO US FIRMS AS WELL AS HINO. (COMMENT: BANK OF AMERICAN MANAGER HAS ALSO HEARD THAT MPW HAS ALREADY MADE ITS RECOMMENDATIONS, WHICH MUST NOW GO TO COUNCIL OF MINISTERS FOR APPROVAL, AND THAT U.S. EQUIPMENT CONSTITUTES LARGE SEGMENT OF COMPANIES SELECTED.)
BREWSTER

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